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SEC Filings - Trends in ESG Disclosure

September 09, 2021

DFIN provides real-time access to the rapidly changing disclosure landscape

Corporations are beginning to disclose Environmental, Social and Governance (ESG) data in their SEC compliance filings. The SEC recently introduced new disclosure requirements designed to provide stakeholders insight into human capital—from the operating model, to talent planning, learning and innovation, employee experience, and work environment.

EDGAR Pro is the research and benchmarking platform designed to help you uncover intelligence from the rapidly evolving SEC filing landscape.

To stay abreast of this rapidly evolving disclosure landscape, our ESG weekly report, created with EDGAR Pro, provides examples, showing who is currently reporting ESG data to the SEC and how they are incorporating the data into their SEC filings.

Focus on HCM – Human Capital Management disclosures are evolving in support of the SEC Reg S-K Modernization Rule. In this update, we highlight innovative disclosure on Employee Turnover and Talent Management.

HCM EXAMPLE # 1:

Registrant: ConocoPhillips

Ticker: COP

Topic: Human Capital Management – Talent Management – Employee gender and ethnicity

Document: 10-K

FYE: 12/31/2020

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CONOCOPHILLIPS (COP) 10-K filed 2/16/2021

Back to Profile | Display Sections | View Entire Filing | Show Contents | Next Section | Previous Section | Save Section | Print Section

- Educating managers on inclusive hiring practices;
- Conducting immersive D&I training for senior leaders and influencers;
- Examining our Talent Management Teams' processes to eradicate bias within our selection and succession efforts;
- Working with partners to connect veterans and individuals with disabilities with employment;
- Promoting inclusion of employees with disabilities through a robust accommodation process available to all employees;
- Ensuring diverse internal and external candidate slates; and
- Creating balanced interview teams to mitigate any unconscious bias in our hiring processes.

We actively monitor diversity metrics on a global basis. In addition to our internal dashboards, we publicly report our representation of women and minorities in leadership roles. We have also committed to publicly disclose ConocoPhillips' Consolidated EEO-1 Report effective upon our next submission to the U.S. Equal Employment Opportunity Commission in 2021. Tables of 2020 employee demographics by gender and ethnicity, and by country, are shown below:

2020 Employees by Gender* and Ethnicity

	Male	Female	Non-POC**	POC
All Employees	73 %	27%	75 %	25 %
All Leadership	77	23	81	19
Top Leadership	81	19	87	13
Junior Leadership	76	24	78	22

*While we present male and female, we acknowledge this is not fully encompassing of all gender identities.
**"POC" refers to People of Color or racial and ethnic minorities self-reported in the U.S.
Note: percentages based on year-end 2020 employee count of 9,700.

Excerpt for the ConocoPhillips 2021 10-K-

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HCM EXAMPLE # 2:

Registrant: Cummins Inc.

Ticker: CMI

Topic: Talent Management – Board Oversight

Document: 10-K

FYE: 12/31/2020

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CUMMINS INC (CMI) 10-K filed 2/10/2021

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First Hit Previous Hit Next Hit Last Hit

improving wellness; developing self-aware and effective leaders; and extending our **talent management** philosophies in performance management, compensation management, competency building, and access to development opportunities to all employees.

Leadership and Talent Management

Managing our human capital resources is a key focus of the company. In 2020, the Board recast our Compensation Committee as the **Talent Management** and Compensation Committee to reflect the Board's commitment to overseeing and providing guidance to our leadership team in this important work.

We strive to create a leadership culture that begins with authentic leaders who create an outstanding place to work by encouraging all employees to achieve their full potential. We encourage leaders to connect our people and their work to our mission, vision, values, brand promise and strategies of the company, motivating and giving them a higher sense of purpose. We have developed leadership and employee development programs for employees ranging from the manufacturing floor and technicians through middle management and executive development. When an individual joins Cummins, we are committed to providing both that employee and their manager with the tools and resources to manage their career and navigate in a large global organization. Through our **Talent Management** strategy our goal is to ensure all employees have access to the development and career opportunities that a global company enables.

Competitive Pay and Benefits

To attract and retain the best employees, we focus on providing competitive pay and benefits. Our programs target the market for competitiveness and sustainability while ensuring that we honor our core values. We provide benefit programs with the goal of improving physical, mental and financial wellness of our employees throughout their lifetime. Some examples include base and variable pay, medical, paid time off, retirement saving plans and employee stock purchase plans.

When designing our base pay compensation ranges, we do market analysis to be sure ranges are current and our employees are advancing their earning potential. We also do annual compensation studies to assess market movement, pay equity and living wages. For example, in 2018, we conducted a living wage analysis globally to ensure our employees were making a living wage in the countries they live and work. We incorporated this living wage assessment into our annual compensation structure to ensure that current and new hires never fall below this threshold. In the U.S. for example, the living wage in 2019 was \$15 per hour, although most positions pay more than that. We continually review wages globally to ensure we are fair, equitable, competitive and can attract and retain the best talent.

We also provide diverse benefit programs that are aligned with our values and focused on supporting employees and their families based on their unique needs, some of which are: tiered health care cost so that more junior employees pay less for their premiums; paid parental leave for primary and secondary caregivers; advanced medical services from clinicians to support complex health care needs and employee assistance programs with diverse providers that can meet a range of employee needs from race related trauma to financial planning to transgender transition support.

Employee Safety and Wellness

Cummins is committed to being world-class in health and safety. We strive to ensure a workplace with zero incidents. We are committed to removing conditions that cause personal injury or occupational illness and we make decisions

Excerpt for the Cummins Inc. 2021 10-K

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HCM EXAMPLE # 3:

Registrant: Signet Jewelers LTD

Ticker: SIG

Topic: Human Capital and Talent Management – Board Oversight

Document: 10-K

FYE: 12/31/2020

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SIGNET JEWELERS LTD (SIG) 10-K filed 3/19/2021

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Diversity, equity and inclusion

We value building a diverse workforce, embracing different perspectives, and fostering an inclusive, empowering work environment for our employees and customers. Our diversity, equity and inclusion efforts transcend all levels of our Company, from our base-level employees through our leadership team and Board of Directors ("Board"). Currently, 58 percent of our Board are gender or ethnically diverse, including five female Board members, and 60 percent of our senior vice presidents and above are gender and/or ethnically diverse. In addition, we have a long-standing commitment to equal employment opportunity, as evidenced by the Company's Equal Employment Opportunity Policy. In response to the Great Place to Work® Trust Index® Employee Survey, 89 percent of Signet employees responded, "People here are treated fairly regardless of race." Furthermore, we recognize our customer base's diversity and strive to have a workforce that is representative of such customers.

We are committed to advancing diversity, equity and inclusion in the workplace. We have implemented measures to ensure accountability through initiatives such as empowering Business Resource Groups, which are employee-led volunteer groups to improve attraction, retention, inclusion, and engagement of a diverse workforce by developing programming and initiatives. Currently, we have six Business Resource Groups: Veterans, Pride (LGBTQ+), Women, Black Employee Network, Young Professionals, and Transforming Diversity Equity and Equality ("TIDE"). In addition, during Fiscal 2021 we launched a series of town halls entitled "Signet Speaks Out" to provide a safe, open forum for employees to have honest and candid discussions about important topics such as racism. In addition, as part of our commitment to continued enhancements in our diversity, equity and inclusion efforts, we require employees to undergo annual training on unconscious bias and microaggressions.

Board oversight

Our Board plays an active role in overseeing our human capital management efforts. The full Board has worked closely with the executive management team, particularly the Chief People Officer, in helping shape the newly defined culture and focus. The Board oversight activities in this area include review of CEO and executive officer succession planning, review of diversity and other employee metrics, employee experience, and review of the Company's annual employee engagement survey results. In February 2021, the Board of Directors expanded the scope of our Compensation Committee by re-chartering it as the Human Capital Management and Compensation Committee ("Committee"). The Board had oversight responsibility for a wide range of human capital management efforts, but it was dispersed across multiple committees. We have now taken a much more integrated, holistic and focused approach to this critical responsibility. In addition to its compensation governance responsibilities, the Committee provides oversight on behalf of the Board to overall management of human capital including culture, diversity and inclusion, executive compensation programs, benefits and well-being strategy, **talent management** (attraction, development, and retention), performance management, and succession planning. The expanded scope of this Committee underscores our focus on the quality, performance, retention and development of our team.

Compensation and benefits

Critical to our success is identifying, recruiting, retaining, and incentivizing our existing and prospective employees. We provide our employees with access to flexible and convenient medical benefits programs intended to meet their

Excerpt from Signet Jewelers LTD 2021 10-K

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